KANSAS CITY STREETCAR AUTHORITY

FINANCIAL STATEMENTS
AS OF APRIL 30, 2019 AND 2018
AND FOR THE FISCAL YEARS THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT

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TABLE OF CONTENTS

Independent Auditors' Report 1

Statements of Financial Position 3

Statements of Activities 4

Statements of Changes in Net Assets 5

Statements of Cash Flows 6

Notes to Financial Statements 7

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MILLER HAVILAND KETTER
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Kansas City Streetcar Authority
Kansas City, Missouri

We have audited the accompanying financial statements of

KANSAS CITY STREETCAR AUTHORITY

which comprise the statements of financial position as of April 30, 2019 and 2018, and the related statements of activities and changes in net assets, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kansas City Streetcar Authority as of April 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Miller Hairlan Metty P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Westwood, Kansas
October 7, 2019

KANSAS CITY STREETCAR AUTHORITY
STATEMENTS OF FINANCIAL POSITION
AS OF APRIL 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash	$ 2,717,278	$ 3,650,098
Accounts receivable	742,000	-
Prepaid expenses	111,105	139,970
TOTAL ASSETS	$ 3,570,383	$ 3,790,068
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 63,770	$ 157,902
Accrued liabilities	128,356	166,589
TOTAL LIABILITIES	192,126	324,491
NET ASSETS		
Net assets without donor restrictions	3,378,257	3,465,577
TOTAL NET ASSETS	3,378,257	3,465,577
TOTAL LIABILITIES AND NET ASSETS	$ 3,570,383	$ 3,790,068

See auditors' report and accompanying notes to financial statements.

KANSAS CITY STREETCAR AUTHORITY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED APRIL 30, 2019 AND 2018

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUES AND SUPPORT		
Operating revenues	$ 6,389,789	$ 5,043,761
Contract revenues	847,500	547,500
TOTAL REVENUES AND SUPPORT	7,237,289	5,591,261
EXPENSES		
Program	6,861,018	5,393,868
General and administrative	463,591	435,243
Fundraising	-	-
TOTAL EXPENSES	7,324,609	5,829,111
CHANGE IN NET ASSETS	$ (87,320)	$ (237,850)

See auditors' report and accompanying notes to financial statements.

KANSAS CITY STREETCAR AUTHORITY
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED APRIL 30, 2019 AND 2018

	Total Net Assets Without Donor Restrictions
Balance at April 30, 2017	$ 3,703,427
Change in net assets for fiscal year ended April 30, 2018	(237,850)
Balance at April 30, 2018	3,465,577
Change in net assets for fiscal year ended April 30, 2019	(87,320)
Balance at January 0, 1900	$ 3,378,257

See auditors' report and accompanying notes to financial statements.

KANSAS CITY STREETCAR AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (87,320)	$ (237,850)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities		
Accounts receivable	(742,000)	-
Prepaid expenses	28,865	15,386
Accounts payable	(94,132)	(377,380)
Accrued expenses	(38,233)	116,490
Total Adjustments	(103,500)	(245,504)
CASH USED IN OPERATING ACTIVITIES	(932,820)	(483,354)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET DECREASE IN CASH	(932,820)	(483,354)
CASH AT BEGINNING OF YEAR	3,650,098	4,133,452
CASH AT END OF YEAR	$ 2,717,278	$ 3,650,098

See auditors' report and accompanying notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Kansas City Streetcar Authority (the Authority) is a nonprofit corporation committed to manage and operate a publicly owned modern streetcar system in Kansas City, Missouri. The Authority was incorporated in 2012, and it is principally funded by appropriations from Kansas City, Missouri (the City) which, in part, receives funding from a special assessment paid by the owners of real estate and a sales tax, both of which are levied by a transportation development district (TDD). The boundaries of the TDD are generally within 10 blocks of the streetcar tracks.

To help pay for streetcar related costs, the City receives funds through the sales tax and special assessments on property within the TDD as follows:

1% sales tax applies within the entire TDD (some sales are exempt)
Special assessments apply to almost all properties within the TDD

Jackson County, Missouri calculates, collects, and remits the TDD special assessments to the TDD which sends most of the money to the City or as directed by the City. For these services, Jackson County retains 1.3% of the total collected TDD special assessments.

Revenue Recognition

TDD special assessments are due on December 31 of each year, except for any voluntary special assessment which may be subject to a special agreement. The City and Authority have agreed to a formal budgeting and appropriation process which provides that the Authority will submit budgets to the City on or before November 1 of each year. The budgets are for the City's next fiscal year of May 1 through April 30. The City considers, modifies and/or approves the budget and appropriates the funds to deliver to the Authority, which are usually received by the Authority monthly. Revenue is recognized when the Authority receives the money.

Basis of Accounting and Presentation

The financial statements of the Authority are prepared on the accrual basis of accounting. Net assets are not subject to donor restrictions.

Cash

Cash consists of demand deposit accounts at financial institutions. From time to time, cash balances exceed federally insured limits; the Authority has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Income Taxes

The Authority is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. Income tax returns filed by the Authority on Form 990 are subject to examination by the Internal Revenue Service (IRS) for three years after the date filed, with the result that years 2018, 2017, 2016 and 2015 remain open as of October 7, 2019, although no returns have been selected for examination by the IRS. Management has evaluated tax positions taken or expected to be taken in the course of preparing the Authority's tax returns with assistance from the Authority's tax preparer to determine whether its tax positions are more likely than not to be sustained by applicable taxing authorities; likely tax positions are reported in these financial statements, and management is not aware of any unlikely tax positions, with the result that no unlikely tax positions are reported.

Advertising

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through October 7, 2019, which is the date the accompanying financial statements were available to be issued.

NOTE B - RETIREMENT PLAN

The Authority sponsors a defined contribution retirement plan. Contributions to the Plan for the fiscal years ended April 30, 2019 and 2018 were $16,185 and $15,753, respectively.

NOTE C - FUNCTIONAL EXPENSE ALLOCATION

The Authority's primary program activity is operation of the streetcars. Expenses reported as generally and administrative are incurred in support of this primary program activity. Functional expenses for the year ended April 30, 2019 are summarized as follows:

	Totals	Program	General & Administrative	Fundraising
Marketing & communications	$ 69,875	$ 69,875	$ -	$ -
Insurance	304,075	-	304,075	-
Professional services	96,010	-	96,010	-
Administrative	63,506	-	63,506	-
Operations & maintenance	3,803,740	3,803,740	-	-
Capital program expenses	542,689	542,689	-	-
Expansion planning	1,912,382	1,912,382	-	-
KC Main Street Rail TDD	104,937	104,937		
Payroll	427,395	427,395	-	-
Total Expenses	$ 7,324,609	$ 6,861,018	$ 463,591	$ -

Functional expenses for the year ended April 30, 2018 are summarized as follows:

	Totals	Program	General & Administrative	Fundraising
Marketing & communications	$ 84,733	$ 84,733	$ -	$ -
Insurance	289,344	-	289,344	-
Professional services	82,546	-	82,546	-
Administrative	63,353	-	63,353	-
Operations & maintenance	3,458,997	3,458,997	-	-
Capital program expenses	224,064	224,064	-	-
Expansion planning	1,240,219	1,240,219	-	-
Payroll	385,855	385,855	-	-
Total Expenses	$ 5,829,111	$ 5,393,868	$ 435,243	$ -

NOTE D - COMMITMENTS

In September 2017, the Authority entered into an agreement with HDR Engineering to provide planning and engineering services related to a Southern streetcar extension and multi-modal feasibility study at a maximum cost of $1,000,000. To fund this project, the Authority and Kansas City Area Transportation Authority will each share equal portions of $500,000. For the fiscal year ended April 30, 2018, the Authority recorded $643,843 of expenses related to this feasibility study.

In March 2017, the Authority entered into an agreement with Burns & McDonnell to provide design professional services in relation to a Riverfront streetcar extension and multi-modal feasibility study at the maximum cost of $225,000. To fund this project, the Authority, Port Authority of Kansas City, Missouri and Kansas City Area Transportation Authority will each fund equal portions of $75,000. For the fiscal year ended April 30, 2018, the Authority recorded $308,523 of expenses related to this feasibility study.

The Authority purchases operating and maintenance services under an agreement that expires in June 2026. The Authority also leases office equipment under an agreement that expires in March 2022. Future minimum commitments as of April 30, 2019 on these agreements are as follows:

2020	$ 3,614,178
2021	3,735,583
2022	3,994,970
2023	4,111,971
2024	4,235,362
Thereafter	8,855,684
	$ 28,547,748

NOTE E - LIQUIDITY AND AVAILABILITY

Assets available to meet cash needs for general expenditures within one year, without contractual or donor restrictions as of April 30, 2019 and 2018, consist of the following:

	2018	2017
Cash	$ 2,717,278	$ 3,650,098